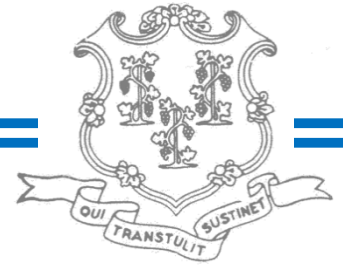# Connecticut Health Insurance Exchange

SHOP Advisory Committee

Tuesday, September 11, 2012
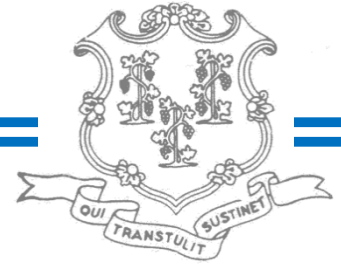*9:00 a.m. – 11:00 a.m.*

Legislative Office Building, Room #1E
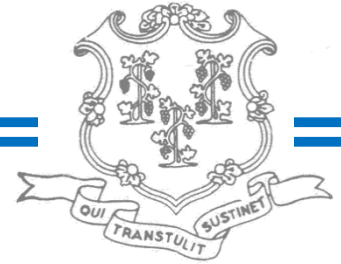*Hartford, CT*

Agenda

1. Call to Order and Introductions

2. Review and Approval of Minutes

3. Presentation: Kevin Galvin

4. Pros & Cons of Out/In-Sourcing SHOP functionality

5. Next Steps
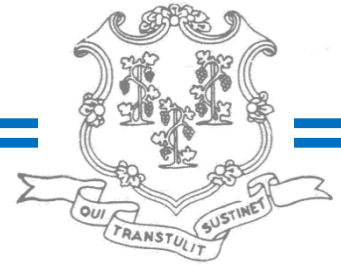
6. Public Comment

Sourcing SHOP

- **OPTION 1:** <u>Insourcing</u> SHOP Administration to SI Vendor

    - The Exchange would require the Systems Integrator to configure SHOP operations and administration

    - Having the SI vendor provide ACA-compliant functionality for a state-based exchange leverages their development expertise and ensures integration with the greater solution.

- **OPTION 2:** <u>Outsourcing</u> SHOP Administration to Third Party Vendor

    - The functions required of the SHOP Exchange are not part of the typical core competency of SI vendors. A private Exchange vendor will have systems already in place for premium aggregation and dissemination and employer/employee support.

    - A separate procurement (RFP) would be sent to national private exchange vendors capable of SHOP administration for state-based exchanges.
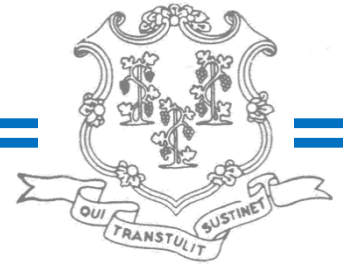
Advantages of Each Option

IN-SOURCE	OUT-SOURCE
• Efficiency of single vendor accountability	• Core competency of vendor
• Potential for better price due to scale of IT services	• Mature, stable technology
• Avoids integration of multiple systems	• Vendor able to better anticipate needs of brokers and small businesses
• Potential for greater flexibility and customization to specific operational needs of Exchange	• Less development risk in time, money and functionality.
	• Potentially a better price due to scale of existing SHOP functionality
	• A PMPM cost model may be more appropriate while size of SHOP remains uncertain

Disadvantages of Each Option

IN-SOURCE	OUT-SOURCE
• Not core competency of SI vendor – may impact work quality	• Management of multiple vendors
• Would require re-pricing from SI vendor	• Integration of multiple systems and processes
• Diverts SI vendor from work on integrated eligibility and Exchange portal and may result in delays in delivery of complete system	• Existing solutions may not include all the functionalities desired by Exchange
• Initial development cost	
• Development risk in time, money and functionality	

Recommendation

EXCHANGE RECOMMENDATION

Exchange Staff recommends outsourcing SHOP operations to an experienced 3rd party vendor.

SI vendor has enough challenges implementing the State's integrated eligibility and affordability programs for individuals without having to also develop SHOP functionality.   SHOP administration is a unique competency best served by vendors who are already experienced with its nuances. The Exchange believes it will get better price, performance, value, fewer implementation issues, and more satisfying experience for brokers and small employers.